

Fiscal Service, Treasury

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paid out those funds for Federal assistance program purposes.

Refund means funds that a State recovers that it previously paid out for Federal assistance program purposes. Refunds include rebates received from third parties.

Refund transaction means an entry to the record of a State bank account representing a single deposit of refunds. A refund transaction may consist of a single check or item, or a bundle of accumulated checks.

Related banking costs means separately identified costs which are necessary and customary for maintaining an account in a financial institution, whether a commercial account or a State Treasurer account. Investment service fees and fees for credit-related services are not related banking costs.

Request for funds means a State's request for funds that the State completes and submits in accordance with Federal Program Agency guidelines.

Reverse flow program means a Federal assistance program, such as Supplemental Security Income (SSI), for which the Federal government makes payments to recipients on behalf of a State.

Revolving loan fund means a pool of program funds managed by a State. States may loan funds from the pool to other entities in support of Federal assistance program goals. Investment income is earned on the funds that remain in the pool and on loans made from pool funds. A Federal Program Agency may require that all income derived from a revolving loan fund be used for Federal assistance program purposes.

Secretary means the Secretary of the United States Department of the Treasury. We are the Secretary's representative in all matters concerning this part, unless otherwise specified.

State means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, and the Virgin Islands. It includes any agency, instrumentality, or fiscal agent of a State that is legally and fiscally dependent on the State Executive, State Treasurer, or State Comptroller.

(1) A State agency or instrumentality is any organization of the primary government of the State financial reporting entity, as defined by generally accepted accounting principles.

(2) A fiscal agent of a State is an entity that pays, collects, or holds Federal funds on behalf of the State in furtherance of a Federal assistance program, excluding private nonprofit community organizations.

(3) Local governments, Indian Tribal governments, institutions of higher education, hospitals, and nonprofit organizations are excluded from the definition of State.

Treasury-State agreement means a document describing the accepted funding techniques and methods for calculating interest and identifying the Federal assistance programs governed by this subpart A.

Trust fund for which the Secretary is the trustee means a trust fund administered by the Secretary.

Vendor payment means a funds transfer by a Federal Program Agency to a State to compensate the State for acting as a vendor on a Federal contract.

We and Us means Financial Management Service.

Subpart A—Rules Applicable to Federal Assistance Programs Included in a Treasury-State Agreement

§ 205.3 What Federal assistance programs are subject to this subpart A?

(a) Generally, this subpart prescribes the rules that apply to Federal assistance programs which:

(1) Are listed in the Catalog of Federal Domestic Assistance;

(2) Meet the funding threshold for a major Federal assistance program; and

(3) Are included in a Treasury-State agreement or default procedures.

(b) Upon a State's request, we will make additional Federal assistance programs subject to subpart A by lowering the funding threshold in the Treasury-State agreement. All of a State's programs that meet this lower threshold would be subject to this subpart A.

(c) We may make additional Federal assistance programs subject to subpart

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A if a State or Federal Program Agency fails to comply with subpart B of this part.

§ 205.4 Are there any circumstances where a Federal assistance program that meets the criteria of § 205.3 would not be subject to this subpart A?

(a) A Federal assistance program that meets or exceeds the threshold for major Federal assistance programs in a State is not subject to this subpart A until it is included in a Treasury-State agreement or in default procedures.

(b) We and a State may agree to exclude components of a major Federal assistance program from interest calculations if the State administers the program through several State agencies and meets the following requirements:

(1) The dollar amount of the exempted cash flow does not exceed 5% of the State's major Federal assistance program threshold and the total amount excluded under a single program by all State agencies administering the program does not exceed 10% of that Federal assistance program's total expenditures;

(2) If less than the total amount of Federal assistance program funding is subject to interest calculation procedures, the interest liabilities should be pro-rated to 100% of the Federal assistance program funding;

(3) A State may not use this exclusion if a Federal assistance program is administered by only one State agency; and

(4) We may request Federal assistance program specific data on funding levels to determine exemptions.

(c) We and a State may exclude a Federal assistance program from this subpart A if the Federal assistance program has been discontinued since the most recent Single Audit and the remaining funding is below the threshold, or if the Federal assistance program is funded by an award not limited to one fiscal year and the remaining Federal assistance program funding is below the State's threshold.

§ 205.5 What are the thresholds for major Federal assistance programs?

(a) Table A of this section defines major Federal assistance programs

based on the dollar amount of an individual Federal assistance program and the dollar amount of all Federal assistance being received by a State for all Federal assistance programs including non-cash programs. A State must locate the appropriate row in Column A based upon the total amount of Federal assistance received. In that same row, a State must apply the percentage from Column B to the dollar value of all its Federal assistance programs to determine the State's threshold for major Federal assistance programs. For example, if the total amount received by a State for all Federal assistance programs is \$50 million, then that State's threshold for major Federal assistance programs is 6% of \$50 million or \$3 million. A State which receives more than \$10 billion under Federal assistance programs will have a minimum default threshold of \$60 million.

(b) To ensure adequate coverage of all State programs, a State must, on an annual basis, compare its program coverage using the percentage obtained from Table A to the program coverage which would result using a percentage which is half of the percentage obtained from Table A. For example, a State receiving \$1 billion in Federal Assistance would use Table A to learn that its threshold level would be .60 percent of \$1 billion. A State would compare program coverage at .60 percent of \$1 billion to program coverage at .30 percent of \$1 billion.

(c) If the comparison conducted under paragraph (b) of this section results in a reduction of program coverage that is greater than 10%, a State must lower its threshold, or add programs, until the difference is less than or equal to 10%.

(d) In accordance with § 205.3(b), a State may lower its threshold to include additional programs. All of a State's programs that meet this lower threshold would be subject to this subpart A.

(e) Unless specified otherwise, major Federal assistance programs must be determined from the most recent Single Audit data available.